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SIPDIS

STATE FOR AF/W, AF/EPS, AND EB/IFD/OIA
TASHKENT FOR BURKHALTER

E.O. 12958: N/A

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SUBJECT: NIGERIA: INFORMATION ON GON FISCAL TRANSPARENCY

REF: STATE 100294

[1](#)1. Paragraph 2 provides answers to reftel questions.

[1](#)2.

[1](#)A. Does the host government publish the national budget in a timely manner?

Answer: Yes, with minimum delay (under one year).

[1](#)B. Where sub-national levels of government are significant, are their combined fiscal positions published?

Answer: No.

[1](#)C. In what form is the national budget published?

Answer: Government publication.

[1](#)D. Please rate the quality and comprehensiveness of fiscal data published.

Answer: No adequate system of budget reporting and monitoring with limited classification system. There are significant payment arrears, and actual expenditures often deviate significantly from amounts budgeted.

[1](#)E. List up to five key laws and/or regulations governing public disclosure and expenditures in the national budget, if applicable and such laws exist.

Answer: Constitution of the Federal Republic of Nigeria (1999).

[1](#)F. Assess the adequacy of those laws and regulations establishing fiscal transparency and accountability requirements.

Answer: Wholly inadequate.

[1](#)G. Assess extent to which laws and regulations on fiscal transparency and accountability are implemented and enforced.

Answer: Sporadically/unevenly enforced.

[1](#)H. How would distribution of tax powers and expenditure responsibilities of central government be described.

Answer: Currently being clarified.

[1](#)I. Does a national audit body or equivalent organization, independent of the executive, provide reports for the legislature and the public on the financial integrity of government accounts?

Answer: Yes.

[1](#)J. How would the link between nonfinancial public/state-owned (e.g., extractive industries) enterprises and general government be described?

Answer: Limited independence of spending/procurement.

1K. Are privatization processes transparent and published?

Answer: Mostly transparent.

1L. How would the reliability and budget revenue and expenditure estimates best be described?

Answer: Unreliable.

1M. Please provide a short evaluative narrative of host government commitment to fiscal transparency and accountability.

Answer: The GON has a stated commitment to budget transparency. In his message to the National Assembly accompanying the 2003 budget proposal, President Obasanjo pledged the following: "Continued emphasis on allocative efficiency by ensuring value for money in Federal Government expenditure and ensuring execution follows rules of fiscal transparency at all levels." To date, publicly available information on the 2003 budget proposal includes no details.

The 2002 budget, including details, was made widely available in early 2002, but information on how that budget was actually implemented is lacking. The Office of the Accountant General of the Federation claims that it publishes a monthly cash flow statement on a website (www.oagf.gov.ng) showing consolidated revenues and expenditures. However, Post has been unable to locate the website or obtain a copy of such a statement from the Accountant General, and Post is unaware of any other publicly available documents that reconcile the budget with actual expenditure. A due diligence unit has been established in the Office of the President to vet budget expenditures on major government-funded contracts to ensure that expenditures are in line with prevailing international rates.

The Auditor General of the Federation in early 2003 provided the National Assembly with a report on 2001 fiscal year that was critical of some Ministries. The Acting Auditor General who submitted the report was replaced under ambiguous circumstances. In early May 2003, the outgoing Senate announced it would hold public hearings on the report's findings, but it is unclear whether these hearings will continue when new members take office at the end of May. In 2002, the National Assembly considered but did not pass a fiscal responsibility bill that would more clearly spell out the steps the GON must take to ensure transparency and accountability of public expenditure. A procurement reform bill was also introduced but not passed.

1N. Please list U.S. government-sponsored programs and activities that promote accurate disclosure of revenues and expenditures in the national budgets of your host country.

Answer: USG Assistance to the GON in fiscal transparency since the return to democracy in 1999 has included the following:
--Supporting the Budget Office of the Federation to improve development and execution of the Federal budget in a more transparent manner;
--Assisting due process examination of the capital budget by Budget Monitoring and Price Intelligence Unit;
--Supporting development of a best-practices Public Procurement Law, which is awaiting legislative passage, and of a Public Procurement Procedures Manual, which can be employed once the enabling legislation is passed;
--Assisting the Debt Management Office to track and manage Federal domestic debt; and
--Parallel financing (with World Bank, U.K. Department for International Development, and the European Union) of an Economic Management Capacity Building Project.
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